



Economic Impact Analysis Virginia Department of Planning and Budget

23 VAC 10-65 – Virginia Peanut Excise Tax
Department of Taxation
September 13, 2006

Summary of the Proposed Regulation

The Department of Taxation proposes to repeal regulatory language (23 VAC 10-65-20) on the Virginia peanut excise tax program because changes to Code of Virginia §3.1-657 have rendered this language obsolete.

Result of Analysis

The benefits likely exceed the costs for this proposed regulatory change.

Estimated Economic Impact

Current regulation states that, as of July 1, 1984, the peanut excise tax rate is 10 cents per hundred pounds of peanuts. The regulation further states that this tax is due on all peanuts grown in Virginia and would be collected from the Virginia farmer by the processor of that farmer's peanuts even if the processor was located in another state. The law that this regulatory language interpreted, however, only required this excise tax to be collected on all peanuts grown *and* sold in the Commonwealth. In addition, during the 1995 General Assembly session, the peanut excise tax was raised to 15 cents per 100 pounds of peanuts.

The Department of Taxation proposes to repeal 23 VAC 10-65-20 because the tax rate listed therein has been superseded by the subsequent tax rate increase. This regulatory action will likely provide a small benefit for the citizens of Virginia as it will eliminate the possibility of individuals incorrectly believing that the tax rate listed in the Virginia Administrative Code is the tax that they owe. Additionally, repealing 23 VAC 10-65-20 will eliminate the possibility of confusion over whether the peanut excise tax must be collected from farmers who grow their peanuts in Virginia but sell them out-of-state.

Businesses and Entities Affected

This proposed regulatory action will affect all of the approximately 200 peanut growers and 40 processors in the Commonwealth.¹

Localities Particularly Affected

The proposed regulatory action will particularly affect localities in the Commonwealth where peanuts are grown.

Projected Impact on Employment

The proposed regulatory action is unlikely to have any effect on employment in the Commonwealth.

Effects on the Use and Value of Private Property

The proposed regulatory action is unlikely to have any effect on the use or value of private property in the Commonwealth.

Small Businesses: Costs and Other Effects

Small businesses are unlikely to incur any costs on account of the proposed regulatory action.

Small Businesses: Alternative Method that Minimizes Adverse Impact

Small businesses are unlikely to incur any costs on account of the proposed regulatory action.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the

¹ Information provided by the Virginia Peanut Board

regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.